

Message Text

UNCLASSIFIED

PAGE 01 PARIS 30087 181908Z

70

ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-02

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 DODE-00

INR-07 NSAE-00 PA-02 USIA-15 PRS-01 COME-00 FRB-01

(ISO) W

----- 071239

R 181857Z NOV 75

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 5300

UNCLAS PARIS 30087

PASS TREASURY FOR UNDER SECRETARY YEO

E.O. 11652: N/A

TAGS: EFIN, FR

SUBJECT: PRESS REPORTS ON MONETARY ASPECTS OF SUMMIT

1. THIS REPORT SUMMARIZES NOV 18 DISPATCHES RECEIVED
HERE ON MONETARY ASPECTS OF RAMBOUILLET SUMMIT.

2. AGENCE FRANCE PRESSE (AFP) STORY ORIGINATING IN
BRUSSELS DESCRIBES FRANCO-AMERICAN AGREEMENT AS QUOTE
BASED ON THE FOLLOWING THREE POINTS: (1) AN OBJECTIVE
OF STABILITY WHICH IS NOT LIMITED TO EXCHANGE RATES BUT
ENCOMPASSES THE CONVERGENCE AND STABILIZATION OF ECON-
OMIC POLICIES; (2) APART FROM THIS OBJECTIVE OF STABIL-
ITY, AGREEMENT HAS BEEN REACHED IN ORDER THAT, DURING
AN INTERIM PERIOD, DIFFERENT TYPES OF EXCHANGE ARRANGE-
MENTS MAY EXIST; FIXED RATES, COORDINATED FLOATS
(FLOTTEMENT CONCERTE) AND PURE FLOATS. THE IMPORTANT
THING, FOURCADE INSISTS, IS THAT PRESENT ARRANGEMENTS
WILL BE PUT UNDER CONTROL OF THE IMF. THE DIFFERENT
MEMBER COUNTRIES OF THE IMF WILL HAVE TO SPECIFY WHICH
SYSTEM THEY HAVE CHOSEN; (3) ONCE ECONOMIC CONDITIONS
PERMIT, THE IMF MAY, BY A MAJORITY OF 85 PERCENT

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 PARIS 30087 181908Z

(WHICH GIVES THE U.S. THE RIGHT TO VETO) DECIDE ON THE

RETURN TO A SYSTEM OF STABLE BUT ADJUSTABLE EXCHANGE RATES. THE NEW FACT IS THAT, FROM NOW ON, THESE STABLE BUT ADJUSTABLE RATES WILL BE DEFINED IN AN ARTICLE AND A DOCUMENT ANNEXED TO THE FUND'S CHARTER.

THE FRANCO-AMERICAN AGREEMENT, AFTER HAVING BEEN ACCEPTED BY THE "NINE" OF THE COMMON MARKET, SHOULD RECEIVE THE APPROVAL OF THE GROUP OF TEN DEC 19 IN PARIS AND OF THE IMF COMMITTEE OF TWENTY IN EARLY JAN IN JAMAICA.

SUMMARIZING THE AGREEMENT, FOURCADE STATED THAT IT PUTS AN END TO THE SYSTEM OF UNCONTROLLED FLOATING IN EXCHANGE MARKETS, THAT IT SETS AN OBJECTIVE OF RETURNING TO MONETARY AND ECONOMIC STABILITY, AND THAT IT ESTABLISHES AN INTERIM PERIOD IN WHICH DIFFERENT SYSTEMS MAY CO-EXIST UNDER CONTROL OF THE IMF BUT FORESEES, AT AN UNDETERMINED DATE, THE RETURN TO A SYSTEM OF STABLE BUT ADJUSTABLE EXCHANGE RATES.

FOURCADE HAS ALSO INFORMED HIS COLLEAGUES OF THE AGREEMENT REACHED AMONG THE "SIX" TO THWART (CONTRE-CARRER) ERRATIC SWINGS IN EXCHANGE RATES, THAT IS MOVEMENTS WHICH ARE NOT JUSTIFIED BY ECONOMIC CAUSES. THIS AGREEMENT AROUSED STRONG INTEREST ON THE PART OF THE BENELUX COUNTRIES AND DENMARK, MEMBER COUNTRIES OF THE EUROPEAN "SNAKE" WHICH WERE NOT REPRESENTED AT RAMBOUILLET.

THE MEANS OF SETTING UP A SYSTEM OF COORDINATED INTERVENTION FROM BOTH SIDES OF THE ATLANTIC ARE LEFT TO THE GOVERNORS OF THE CENTRAL BANKS OF THE MAJOR WESTERN COUNTRIES AND OF JAPAN, THANKS TO A MULTIPLEX SYSTEM ALREADY EXISTING WITHIN THE FRAMEWORK OF THE BASEL AGREEMENTS, WEEKLY CONSULTATIONS OF DEPUTIES TO FINANCE MINISTERS FOR DRAWING CONCLUSIONS AND SETTING OUT PERIODIC GUIDELINES (EACH MONTH OR EVERY SIX WEEKS FOR THE FINANCE MINISTERS THEMSELVES). FOURCADE STATED THAT THE AMERICAN FEDERAL RESERVE AND THE NATIONAL BANK OF JAPAN WILL INTERVENE TOGETHER WITH EUROPEAN CENTRAL BANKS TO CORRECT EXCESSIVE MARKET UNCLASSIFIED

UNCLASSIFIED

PAGE 03 PARIS 30087 181908Z

DIVERGENCES. END QUOTE.
RUSH

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS COMMENTS, SUMMIT MEETINGS, MONETARY AGREEMENTS, CURRENCY STABILITY, FOREIGN EXCHANGE RATES
Control Number: n/a
Copy: SINGLE
Draft Date: 18 NOV 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975PARIS30087
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750402-0595
From: PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751132/aaaabcpm.tel
Line Count: 109
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: izenbei0
Review Comment: n/a
Review Content Flags:
Review Date: 24 OCT 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24 OCT 2003 by chicheje>; APPROVED <27 JAN 2004 by izenbei0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PRESS REPORTS ON MONETARY ASPECTS OF SUMMIT
TAGS: EFIN, FR, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006